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Eurocentric Conceptualisation of Risk in International Business

Dr Bhabani Shankar Nayak¹

Abstract

The paper deals with Eurocentric conceptualisation of 'risk' which reinforces rent seeking language, culture and practices of doing business that are alien to non-European societies. The paper also attempts to engage with Eurocentric methods and strategies that sustain hegemony in international business by promoting 'risk' and perpetuating 'uncertainty' within non-European business culture. Such territoriality within basic conceptualisation of in international business is central to manufactured 'risks' that reinforces crisis; while state deals successfully or fails to deal with it; the global corporations extract resources and expand their capital and market base in non-European societies while doing business. The paper is divided into two parts: the first part presents the philosophical basis of risks and its historical foundations, the second part deals with the neo-colonial business methods, languages, cultures and strategies which are Eurocentric by nature. The paper argues that manufacturing risk is Eurocentric business strategy.

Keywords: Eurocentric, manufactured, risk, resource-seeking and non-European societies.

Introduction

The idea, concept and language of 'risk' and its monologue of statistical-causal methodological management within the language of international business derives its philosophical lineages that conceive societies as "internally homogenous and externally distinctive and bounded objects"; therefore, "social relations take place within the charmed circle of the single nation-state" (Wolf, 2010: 9). Such conceptual narrative and methodological analogy reduces societies as nation states and language used in such narratives confined within the epilogue of business within a framework of industrial revolution within Western Europe.

Therefore, post-industrial western European way of doing business dominates the language and method, theories and concepts in international business. Theories, methods and concepts

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within any discipline have their historical specificities; these historical specificities, depositories and arguments have ideological origins (Freedon, 1996 and 2005). It keeps changing to address the challenges of new circumstances and new deeds (Skinner 1978, 1998 and 2008) but within legacies of the past. International Business is no different as a subject. The narrative and concept of 'risk', method of assessment and the language to represent it within International Business in *non-European societies* derives its lineages from European colonisation of the continent. Such a trend of Eurocentric worldview dominates theory and practice of International Business in *non-European societies* where everything is measured in terms of economic growth, free market and risk to it within the duality of progress and backwardness. Normalisation of colonial language and methods create worldview in postcolonial world in terms of practice and production of knowledge (Chakrabarty, 2001) where indigenous way of doing business, its language, methods, theories and strategies submerge within the conventional European practices. Therefore, it is imperative to incorporate, innovate and integrate *non-European* perspectives on business risk by addressing larger question of language and methods in International Business. The time has come for such a discourse in non-western business cultures to challenge Eurocentric hegemonies and its praxis.

The paper draws its methodological lineages to nonlinear historical narrative around the concept and construction of the idea and language of 'risk' and 'uncertainty'. The paper follows discourse analysis (Fairclough, 2003) to locate the way in which the Eurocentric concept of risk was exported and incorporated within the language of international business in non-western business traditions. While engaging with conceptual discourses; it focuses on the power of language in the process of conceptualisation where "authority comes to language from outside" (Bourdieu, 1991:109). As a result of which the concept does not reflect the objective reality of *non-European business culture* and its uniqueness while

assimilating it within the western European theoretical traditions of ‘risk and uncertainty’ in international business practice.

Theoretical and conceptual trends to locate ‘risk’

During the 1990s, the language and concept of risk broadened its scope by moving beyond “technical consideration of the engineers and the natural scientists (Krimsky and Golding, 1992: 355). Early 1990s research around risk was dominated by *Risk and Culture* approach of Douglas and Wildavsky (1982) and the *Risk Society* approach of Ulrich Beck (1986, 1992). Both these approaches to understand risk were moving around and based on the etymological distinction between ‘risk’ and ‘uncertainty’ which led to growth of research on risk culture (Lash 2000), systemic risk (Japp, 1996) and significance of risk assessment and management (Aven, 2016). These theoretical approaches continue to dominate different debates around the concept of risk which moves beyond major disasters and accidents (Beck, 1998).

These theoretical trends in conceptualisation of risk in different forms are expression of certain culturally specific national circumstances within Western Europe; particularly Beck’s Germany (Dingwall, 1999). The specificities of risk society thesis are based on the Giddens’ concept of ‘reflexive modernisation’ (Giddens, 1990). Giddens defined reflexivity as ‘social practices that are constantly examined and reformed in the light of incoming information about those very practices (Giddens, 1990: 38) based on industrial revolution and division of labour. Such processes have exposed society to risks without any kind of insurance (Beck, 1993) which is different from danger (Beck, 1988). Therefore, risks and uncertainties are products of unforeseen consequences of industrial revolution in Western Europe. Warren (1999) and Löfstedt (2009) conceptualised the consequences by developing the ideas of ‘risk’ as absence of trust in elites and institutions which creates both institutional and reputational risk (Hood et al. 2001) & (Power, 2004, 2007). The absence of trust and institutional risk created ‘distrustful, individualised and disembedded citizens (Lyons, Lowery and De Hoog,

1992) which accelerates crisis of legitimacy, credibility, accountability and sustainability of states and governments. Therefore, it is important to measure and manage 'risk and uncertainty' with collective vision of democracy based on 'communicative action' (Habermas, 1972) for 'emancipatory politics' (Giddens, 1991).

However, the statistical and scientific methods were developed to calculate risk and manage uncertainties (Aven, 2016). This historical strategic response was developed in modernity itself (Ewald, 1986) which was universalised latter and used today in world scale. Such narrow view was rejected and insufficient to understand and analyse complexities of risk in terms of statistical, rational and objective strategies (Dean 1999). This is because risk and uncertainties are *lived experiences* of people within a social, political, economic, cultural and religious context. It is also emotional and aesthetic (Lash 2000) or socio-cultural (Tulloch and Lupton, 2003) imaginations, perceptions, and responses to risk. "Individual experiences of the social processes of risk perception may lead them to adopt a broad range of unclear or contradictory views about the magnitude of hazards. Therefore, all studies and advances in scientific approach to risk assessment and risk management as outlined in the work of Aven (2016) remains elusive.

Any attempt to mask the complexity of the social experience of risk perception in rigid conceptual abstractions may lead us further away, rather than towards a more intimate understanding of the day-to-day reality in which people recognize and negotiate with 'hazards' as 'risks'." (Wilkinson, 2001: 11). Therefore, the question is how do we objectively calculate risk and develop methods to manage uncertainties. This question is central to reject Eurocentric language and methods of understanding risk and uncertainties as we witness today in the field of international business. International business is not only about a triad of demand, supply, and pricing but also about the conditions in which production, distribution, consumption takes place; it is about understanding these conditions under which market

operates both as a process and as an institution. It is central to understand these conditions to understand risk and develop strategy to avoid it. Therefore, the Eurocentric approach developed by Beck has failed “to adequately define the relations and interplay between institutional dynamism and social reflexes on the one hand and self-referentiality and critical reflection on the other” (Elliott, 2002: 312). The Eurocentric approach to analysis risk is limited and self-serving myopia that creates different forms of conflict due to its resource and rent-seeking strategy of doing business in peripheries of *non-European societies*. Faria (2014: 278) argues for a transmodern pluriversal perspective that would allow for “many worlds and knowledges to co-exist” to reflect on realities of today within lineages of historical experience and international business needs to incorporate and develop its language and methods in doing business and developing strategies in *non-European societies*.

Conclusion

The understanding of risk in business within *non-European* context needs new ways of conceptualising risk. The updated version of Eurocentric theories, languages and methods of international business and associated risk narrative can never be a starting point. The duality of philosophy in which ‘economic growth’ and ‘backwardness’ measures progress and reduces human experience and objectives of business to seek and expand profit. The starting point of any theoretical analysis on risk in doing business in *non-European societies* must acknowledge the specificities of their context in terms of local ideas, knowledge, history, language and methods of business practice which is different from Europe.

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